



**STATEMENT OF PROCEEDINGS FOR THE
REGULAR MEETING OF THE AUDIT COMMITTEE
OF THE COUNTY OF LOS ANGELES HELD IN ROOM 525
OF THE KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, LOS ANGELES, CALIFORNIA 90012**

Thursday, March 17, 2011

10:30 AM

Present: Lori Glasgow, Chair, Genie Chough, Vice Chair,
Louisa Ollague, Member, Dorinne Jordan, Member

Absent: Carl Gallucci, Member

Call to Order (11-1336)

The meeting was called to order by Genie Chough at 10:36 a.m.

I. ADMINISTRATIVE MATTER

1. Recommendation to approve the February 17, 2011 meeting minutes. (11-1177)

On motion of Louisa Ollague, seconded by Dorinne Jordan, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

II. OLD BUSINESS

2. Clontarf Manor, Inc. Contract Compliance Review - A Department of Mental Health Service Provider (2/26/10) (Continued from meetings of 3/18/10, 5/20/10, 6/17/10, 8/19/10, 10/21/10, 11/18/10, 1/20/11, and 2/17/11) (10-2592)

Judith Miller, Department of Mental Health (DMH), provided a brief overview of steps and timeframes required to close a contract which can take up to five years. Don Chadwick, Auditor-Controller (A-C), concurred that due to the interaction of the State and appeal rights, there is a delay in the process. A-C will work with DMH and County Counsel (CC) to see if they can strengthen the processes to minimize the timeframe. Mr. Chadwick will report back on their processes within two months. Ms. Miller added that Clontarf has fired their CPA and will be monitoring the performance of their reporting.

Ana Suarez, DMH, indicated they are pleased with Clontarf's program. They are the only program in the Fourth District that provides mental health supportive services in their board and care home.

Mr. Chadwick agreed to audit Clontarf in six months and report the findings to the Committee upon completion and include the outstanding liability. Ms. Miller confirmed that they are taking the necessary steps to comply with the County and she will forward the current outstanding liability via email.

Attachments: [SUPPORTING DOCUMENT](#)

- 3.** Proposed Fiscal Year 2010-2011 Audit Plan (2/11/11) (Continued from meetings of 10/21/10, 11/18/10, 1/20/11, and 2/17/11). (10-2606)

Lori Glasgow requested A-C report back next month with an update on the balance, cost, and timeframe to perform the Alta Med audit. Jim Schneiderman, A-C will include how other counties are addressing executive compensation on contracts.

By common consent, there being no objection, this item was continued to April 21, 2011.

Attachments: [SUPPORTING DOCUMENT](#)
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- 4.** Recommendation to approve amendments for Board Policy No. 5.120 - Authority to Approve Increases to Board Approved Contract Amounts (2/18/11) (Continued from meeting of 1/20/11 and 2/17/11). (11-0184)

On motion of Genie Chough, seconded by Dorinne Jordan, this item was approved.

Attachments: [SUPPORTING DOCUMENTS](#)

- 5.** Recommendation to approve amendments and extension of the sunset review date for Board Policy No. 5.040 - Contractor Performance Evaluation (12/22/10) (Continued from meeting of 1/20/11). (11-0212)

On motion of Dorinne Jordan, seconded by Lori Glasgow, the sunset review date submitted of December 14, 2014, was amended to December 14, 2012.

In addition, Joe Sandoval, Internal Services Department (ISD) provided an overview on the Contract Database, a mandatory performance evaluation of contractors that are completed and reported on an annual basis and the importance of being consistent and allowing due process. The Contract Database and CARD will be presented to the Board jointly. Training for all departments will take place between April and July.

Attachments: [SUPPORTING DOCUMENT](#)

6. Department of Parks and Recreation - Audits of Golf Course and Recreation Area Revenue Agreements (2/11/11) (Continued from meeting of 2/17/11) (11-0854)

On motion of Dorinne Jordan, seconded by Louisa Ollague, this item was continued to April 21, 2011.

Attachments: [SUPPORTING DOCUMENT](#)

III. BOARD POLICIES

7. Recommendation to approve extension of the sunset review date for Board Policy No.6.109 - Security Incident Reporting (2/23/11). (11-1173)

On motion of Dorinne Jordan, seconded by Louisa Ollague, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

8. Recommendation to approve extension of the Sunset Review date for Board Policy No. 6.110 - Protection of Information on Portable Computing Devices (2/23/11). (11-1174)

On motion of Dorinne Jordan, seconded by Louisa Ollague, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

9. Recommendation to approve extension of the Sunset Review date for Board Policy No. 6.111 - Information Security Awareness Training (2/23/211). (11-1175)

On motion of Dorinne Jordan, seconded by Louisa Ollague, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

IV. REPORTS

10. 2005-2008 SBE Use Tax Audit (2/11/11). (11-1191)

Connie Chung, A-C provided a background of the SBE Use Tax Audit and reported a preliminary County use tax liability of approximately \$6.5 million, plus interest. The A-C Disbursements Division worked closely with County departments to obtain missing documents to prove taxes were paid or not applicable. These efforts reduced the County's liability to approximately \$1.8 million and will be allocated among all County departments 2009-2010 Fiscal Year budgets. The interest liability of approximately \$580,000 will be paid by the general fund.

By common consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

11. Audit of the Los Angeles County Treasury for the Year Ended June 30, 2010 (2/17/11) (11-1164)

On motion of Dorinne Jordan, seconded by Louisa Ollague, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

12. Review of the Operating Costs Billed to the County for 1000 South Fremont Avenue, Alhambra (Lease No. 72576) (2/17/11). (11-1165)

On motion of Dorinne Jordan, and by common consent, there being no objection, this item was continued to April 21, 2011.

Attachments: [SUPPORTING DOCUMENT](#)

13. GANN Letter (2/23/11). (11-1168)

On motion of Dorinne Jordan, seconded by Louisa Ollague, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

14. Review of Gross Receipts Revenue for the Marina International Hotel and Bungalows - Parcel 145 (3/4/11). (11-1169)

On motion of Dorinne Jordan, seconded by Louisa Ollague, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

15. Review of Gross Receipts Revenue for the Marina Del Rey Hotel and Marina - Parcel 42-43 (3/4/11). (11-1170)

On motion of Dorinne Jordan, seconded by Louisa Ollague, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

16. Treasurer's February 16, 2011 Cash Count (3/8/11). (11-1172)

On motion of Dorinne Jordan, seconded by Louisa Ollague, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

17. City of Compton - Compton Careerlink Contract Review - A Community and Senior Services Workforce Investment Act Program Provider (3/9/11) (11-1200)

On motion of Louisa Ollague, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

V. DISCUSSION ITEMS

18. Pending Audits/Monitoring Reports (11-1180)

Jim Schneiderman, A-C, reported they would continue discussions on CDC Audit and based on First 5 LA's request and the Board of Supervisors' approval, they are assisting First 5 LA's ad hoc committee in preparing an RFP to hire an independent auditor to review the Commission's financial reserves.

19. Contractor Alert Reporting Database (CARD) Demonstration (11-1194)

Aggie Alonso, A-C, gave a brief history and overview of the joint effort made by the Chief Executive Office (CEO), ISD, CC and A-C to develop an exception based reporting system for countywide use during the solicitation process of contractors.

**Linh Moran, A-C Systems Division, provided a PowerPoint presentation of the test environment and how departments will be using CARD.
Louisa Ollague requested a bullet be added to the contractual remedies category to indicate legal action has been taken.**

Don Chadwick, A-C, indicated standardized training will be provided along with ISDs training on the solicitation process, user manuals and technical support will be given to all departments. In addition, a periodic system review and follow up will be performed as needed. At the request of Dorinne Jordan, Mr. Chadwick will provide the Audit Committee with the draft CARD User Manual.

Ms. Ollague questioned if departments or the CEO should initiate civil action against non-profit organizations who owe a tremendous amount of money. Liz Friedman, CC, suggests departments communicate with CEO and board offices on these issues as Board approval is required due to the cost of litigation.

The workgroup was commended on their work and rapid response to the Board's motion.

Ms. Jordan suggested consideration be given for the length of time a proposer has operated without any additional instances. Mr. Alonso agreed that the length of time should be taken into account and incorporated into the review process. Joe Sandoval, ISD, added deductions will be made consistently for county and non-county proposers.

VI. MISCELLANEOUS

20. AC-Matters not on the Posted Agenda (11-1373)

John Naimo, A-C, provided a brief status on the current cash flow projection, the report will be placed on next month's agenda.

21. Public Comment (11-1182)

No members of the public addressed the Committee.

22. Adjournment (11-1183)

There being no further business to conduct, the meeting was adjourned at 11:55 a.m.